

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-05

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 NEA-06 PA-01

PRS-01 USIA-06 /092 W

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R 211530Z DEC 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 3765

AMEMBASSY LIMA

AMEMBASSY SANTIAGO

INFO: RUESGY/AMCONSUL GUAYAQUIL 6528

C O N F I D E N T I A L QUITO 8696

E.O. 11652: GDS

TAGS: EINV PFOR EC

SUBJECT: PETROLEUM: CEPE CHIEF SPEAKS ON PETROLEUM EXPORTS

REF: A) QUITO 8321; B) QUITO 8235

BEGIN UNCLASSIFIED

1. IN A PRESS STATEMENT PUBLISHED IN QUITO AND GUAYAQUIL MORNING PAPERS DECEMBER 20, COL. RENE VARGAS, MANAGER OF CEPE, THE STATE PETROLEUM COMPANY, SPOKE OF RECENT INCREASES IN PETROLEUM SALES, A CONTRACT FOR FUTURE SALES TO PERU AND CHILE AND THE CURRENT STATUS OF CEPE PLANS TO PURCHASE ADDITIONAL 26PER CENT OF THE TEXACO-GULF-CEPE CONSORTIUM.

2. VARGAS REPORTEDLY SAID THAT PETROLEUM LIFTINGS BETWEEN THE 9TH AND 15TH OF DECEMBER WERE SUFFICIENTLY LARGE THAT PRODUCTION HAD INCREASED DURING THAT PERIOD TO 190,000 BARRELS PER DAY, THE PRESENT ALLOWED MAXIMUM. VARGAS SAID
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THAT THE MATTER OF PURCHASING THE NEXT 26 PER CENT OF THE CON-

SORTIUM DEPENDED UPON A FINANCIAL STUDY UNDERWAY IN THE MINISTRY OF NATURAL RESOURCES.

3. HE SAID THAT RECENT SALES OF THE CONSORTIUM'S CRUDE HAD BEEN MADE AT PRICES FLUCTUATING BETWEEN 11.58 AND \$12.08 THESE PRICES REPRESENTED SUBSTANTIAL EARNINGS BOTH FOR CEPE AND TEXACO/GULF.

4. VARGAS ALSO ANNOUNCED CEPE HAD CONTRACTED WITH ENAP OF CHILE AND PETRO PERU FOR THE SALE OF MORE THAN 50 PER CENT OF CEPE'S SHARE OF THE PRODUCTION FROM THE ORIENTE AND 100 PER CENT OF ITS PRODUCTION (WHICH IS SMALL) FROM SANTA ELENA. ENAP REPORTEDLY WILL PAY \$12.20 A BARREL FOR 20,000 BARRELS PER DAY FROM THE ORIENTE. IT WAS NOT CLEAR WHEN THIS CONTRACT BEGINS. END UNCLASSIFIED.

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5. THE EMBASSY WILL TRY TO CONFIRM THESE PRICE REPORTS AND REPORT FURTHER. IF THESE SALES PRICES ESPECIALLY IN THE PERU CONTRACT ARE TRUE, THE CLAIMS OF OVER-PRICING OF ECUADOREAN CRUDE MAY WELL BE OVER-STATED.

6. FOR LIMA AND SANTIAGO: CAN YOU PROVIDE US WITH ANY INFORMATION CONCERNING CONTRACTS MENTIONED PARA 4? BREWSTER

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Message Attributes

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